

**LAND BOARD AGENDA ITEM**  
**October 18th, 2010**  
**PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION**

**Proposed Acquisition:**

The property known as North Swan, currently owned by Plum Creek and scheduled for sale to The Nature Conservancy (TNC) in November/ December 2010, containing approximately 16,544 acres of primarily forest land with wildlife habitat and recreational opportunities has been identified as a potential acquisition. This property consists of 23 full sections and 7 partial sections which are all interspersed in a checkerboard pattern with the Swan State Forest Lands. These lands have been valued at approximately \$750 per acre (average) for a total cost of \$12,408,000.

**Selection Considerations:**

The Department has conducted a review of this tract nominated for acquisition per Administrative Rule 36.25.813 (3).

**Access:** The tracts are accessible by a combination of both private and trust land forestry roads. Historically the property has been open to motorized and non-motorized public access. Purchase of this property would secure perpetual public access, and access to existing state trust lands that do not have current legal access.

**Revenue:** The predicted annual rate of return, over a 60 year period is estimated at 2.93%.

**Multiple Uses:** Most of this property has a high to very high timber producing value. The tracts provide wildlife habitat for a wide variety of large and small game animals and contains important stream segments that sustain valuable fish populations. It is a popular recreation area for hiking, hunting, horses, and some snowmobiling. There is also potential for expanded commercial recreational use licenses with local outfitters. These lands also provide access to adjoining US Forest Service managed lands.

**Location:** The property is located in Lake County, 12 miles South of Swan Lake and encompasses parcels on both the East and West sides of Highway 83 (see attached map).

**Cooperation:** DNRC has worked cooperatively with TNC, and MT FWP to identify and evaluate this proposed acquisition. Both a Draft Conservation Easement and a Multi- Resource Management Plan have been prepared by the DNRC and FWP in anticipation of this potential transaction.

**Conservation:** The property will be purchased with a conservation easement held by FWP. The conservation easement allows the management of the lands for resource management purposes (timber) and precludes development.

Steps in this process include securing a purchase/ option agreement that would allow the purchase as funding was available and contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815. Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval. At this time, DNRC anticipates purchasing four sections of this land (2400 acres), immediately following the Plum Creek / TNC transaction, and concurrently entering into an option agreement with TNC for the remaining 14,144 acres. The purchase/option would be for the same price/ acre and would specify the purchase/option period. The DNRC would acquire this property through land banking as funding becomes available, options would be exercised.

**Agency Recommendation:**

The Director recommends preliminary approval of the North Swan property for further consideration for acquisition.